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MALLETIER, CHANEL, INC. and
PRADA, S.A.

FILED
DISTRICT COURT OF GUAM
MAY - 5 2003

MARY L. M. MORAN
CLERK OF COURT

UNITED STATES DISTRICT COURT OF GUAM

LOUIS VUITTON MALLETIER and
CHANEL, INC., and PRADA, S.A.

Plaintiffs,

vs.

VENDOR DOE I, aka U.S.A. T-SHIRTS
AND GIFT ITEMS, VENDOR DOE II,
aka SU KIM, VENDOR DOE III, and
DOES I THROUGH XX,

Defendants.

CIVIL CASE NO.

03-00013

**DECLARATION OF REGINA TERLAJE
SUPPORT OF PLAINTIFFS' VERIFIED
COMPLAINT AND PLAINTIFFS'
MOTION FOR TEMPORARY
RESTRAINING ORDER, SEIZURE
ORDER, ORDER TO SHOW CAUSE FOR
PRELIMINARY INJUNCTION, ORDER
SEALING FILE AND ORDER
ACCELERATING DISCOVERY**

REGINA TERLAJE, being duly sworn, declares and states as follows:

1. I am a resident of Agana Heights, Guam. I am a merchandiser at TRS ("TRS") Guam, dba Prada. I file this Declaration in support of Plaintiffs' Verified Complaint and Plaintiffs' Motion for Temporary Restraining Order, Seizure Order, Order to Show Cause for Preliminary Injunction, Order Sealing File and Order Accelerating Discovery. I have personal knowledge of the facts contained herein. If called as a witness I could testify as to the facts contained herein.

2. The products of PRADA are renowned for their unique craftsmanship and the highest standards of quality. The history of the Prada trademark dates back to the early twentieth century when Mario Prada opened two top quality leather goods stores in Milan, Italy. Prada products include top quality leather goods, shoes, ready-to-wear collections, bags, and other items featuring exclusive fabrics, precious hides and traditional craftsmanship.

3. Highly sophisticated styling and production techniques have attained worldwide prominence for PRADA products. PRADA has established a unique operation for the production of its bags, shoes and apparel. In Tuscany, near Florence, all the prototypes are designed and produced. All phases of manufacturing are kept under constant scrutiny. PRADA controls the product through all stages of development, so that only the highest quality bears the PRADA trademark. PRADA's quality control is evident in the distribution of its products in more than one hundred and forty directly operated boutiques worldwide.

4. I have worked for TRS Guam dba Prada for three years, since August 2000. Since entering the company until the present, I have been trained to identify "PRADA" products in order to research and investigate various forms of counterfeit PRADA trademarks and products. Throughout my employment at TRS Guam I have received training at least twice a year in the identification of PRADA merchandise. During my employment at TRS Guam, I have therefore come to be very familiar with the design of the products of the "PRADA" line including without limitation, "PRADA" clothing, shoes, bags, wallets, briefcases, keycases, belts, and leather and leather-trimmed accessories. I am also very familiar with the "PRADA" trademarks, which have become widely known and recognized throughout the world.

5. On February 25, 2003 and February 28, 2003, I met with attorney Anita P. Arriola from the law firm of Arriola, Cowan & Arriola for the purpose of determining whether certain items were counterfeit goods marked with the PRADA name and trademarks. Ms. Arriola showed me the following items: two small black pouches, a black keycase, and a red cellphone strap.

6. Ms. Arriola showed me a black pouch with the PRADA tag on it and I was informed that this pouch was purchased at the U.S.A. T-Shirts and Gift Items store located in Upper Tumon. A true and correct copy of a photograph of this counterfeit pouch is attached hereto as Exhibit 1. I have examined the pouch carefully. The counterfeit pouch looks similar to the genuine PRADA pouch, article number MV632, Tessuto Sport Nero. A true and correct copy of a photograph of the genuine PRADA pouch is attached hereto as Exhibit 2. The counterfeit pouch differs from the genuine item as follows:

- a. The silver logo in front bearing the name PRADA is larger than the genuine one. The silver logo in the counterfeit item rests on a vinyl backing; in the genuine item, the silver logo rests on a nylon (Tessuto) or leather backing.
- b. The zipper pull is made of vinyl, while in the genuine product it is made of the same material (Tessuto) as the pouch itself. In the genuine item, the metal hardware connecting the straps has "PRADA" engraved on the hardware, while in the counterfeit item there is no such hardware, the straps are connected directly to the pouch. In the genuine item, there is only a single strap to hold the pouch, and the strap is made of corded nylon, while in the counterfeit item there are two straps, which are made of the same nylon material as the pouch.

- c. In the lining in the interior of the counterfeit pouch, the letter "D" in "PRADA" is shaped like an "O", unlike the genuine item. In the interior of the genuine item, there is a silver and black "PRADA Made in Italy tag," which the counterfeit item does not have.
- d. The direction of the patterned interior lining is incorrect; in the genuine item it usually points east-west (horizontal), while in the counterfeit item it is directed north- south (vertical). There are also certain shapes and designs in the interior lining which are not found in the lining of the genuine item. And unlike the counterfeit item, the material of the lining in the genuine item is made of the same material as the exterior.
- e. The genuine item is made of two separate pieces of material, bound on the bottom with stitched piping. The counterfeit item is made of only one entire piece of material, with no stitched piping.
- f. There is also no Certificato di autenticita (authenticity certificate card) in the pouch, which is always found in and sold with a genuine PRADA product. The authenticity card is contained in a blue envelope. A true and correct copy of photograph of an authenticity card is attached hereto as Exhibit 3.
- g. There is always a dark blue product description card in the genuine PRADA pouch, and there was not one found in the counterfeit item. A true and correct copy of a photograph of the product description card is attached hereto as Exhibit 3.

7. I was also shown a black PRADA keycase and was informed that the keycase was also purchased at the U.S.A. T-Shirts and Gift Items store in Upper Tumon. A true and correct copy of a photograph of the counterfeit PRADA keycase is attached hereto as Exhibit 4. The counterfeit keycase is similar to the genuine item known as Article no. M222 Tessuto Nero, which is packaged in a blue box. A true and correct copy of a photograph of the genuine PRADA keycase and its packaging box is attached hereto as Exhibit 5. The counterfeit PRADA keycase is different from the genuine item as follows:

- a. The silver logo in front of the keycase bearing the PRADA name is tarnished, which does not occur with the genuine PRADA item. On the logo, the ribbon showing the date is very different from the genuine item, on the right side there is no ribbon cutaway, while in the genuine item there is a ribbon cutaway.
- b. The weave of the exterior lining in the counterfeit keycase is loose, while the genuine item has a tighter weave.
- c. In the interior of the keycase, the PRADA name is stamped and faded, while in the genuine item it is engraved. Also, the interior of the counterfeit keycase is made of nylon and leather, while in the genuine item it is made up entirely of leather. There is a blue cardboard lining in the interior of the genuine keycase in order to protect the keyholders from damaging the leather, while there is no similar cardboard lining in the counterfeit item.
- d. In addition, the keyholders are much bigger than the ones in the genuine item. There is also no flap in the interior of the genuine keycase, while there is one

in the counterfeit item.

- e. The snaps in the genuine item are engraved with the word "PRADA" while the counterfeit snaps are not.
- f. There is no authenticity card and no product description card. The genuine keycase is always sold in a blue PRADA box wrapped in tissue. See Exhibit 5. There was no packaging of the keycase.

8. I was also given a red PRADA cellphone strap and was informed that this strap was also purchased at the U.S.A. T-Shirts and Gift Items store in Upper Tumon. A true and correct copy of a photograph of the counterfeit PRADA cellphone strap is attached hereto as Exhibit 6. The counterfeit strap is similar to the genuine item which is known as Article No. 3AR104 Nastro Sport Scarlatto. A true and correct copy of a photograph of the genuine PRADA cellphone strap is attached hereto as Exhibit 7. The counterfeit PRADA keycase is different from the genuine item as follows:

- a. The strap of genuine item is made entirely of Nastro (corded nylon). The strap of the counterfeit item is made of nylon on the exterior and leather or plastic in the interior).
- b. The genuine item does not have a PRADA logo affixed to the top of the strap, as it is on the counterfeit item. The genuine item has a larger metal hardware connecting the two straps at the bottom and the word "PRADA" is engraved in smaller font than the one in the counterfeit item.
- c. Also, the name PRADA is embossed on the cellphone strap, while it is not in the counterfeit item. The small nylon string to hold the cellphone on the

genuine item is black, while the one on the counterfeit item is red.

- d. The genuine cellphone strap is from the PRADA sport line and would be packaged in a plastic bag, the counterfeit item was packaged in a black box with a clear plastic cover. PRADA does not have black or cello-wrap boxes, such as the one in which the counterfeit item is packaged.

9. Ms. Arriola also showed me another PRADA small black pouch; I was informed that this pouch was purchased at an unnamed store located behind the ABC Store in Tumon, across the street from the Hyatt Regency hotel. A true and correct copy of a photograph of this counterfeit pouch is attached hereto as Exhibit 8. I have examined the pouch and the counterfeit pouch looks similar to the genuine PRADA pouch, article number MV632, Tessuto Sport Nero. A true and correct copy of a photograph of the genuine PRADA pouch is attached hereto as Exhibit 2. The counterfeit pouch differs from the genuine item as follows:

- a. The silver logo in front bearing the name PRADA is larger than the genuine one. Also, the silver logo in the counterfeit item rests on a vinyl backing. In the genuine item, the silver logo rests on a nylon (Tessuto) or leather backing.
- b. The zipper pull is made of clear, shiny vinyl, while in the genuine product it is made of the same material (Tessuto) as the pouch itself. In the genuine item, the metal hardware connecting the straps has "PRADA" engraved on the hardware, while in the counterfeit item there is no such hardware, the straps are connected directly to the pouch. In the genuine item, there is only a single strap to hold the pouch, and the strap is made of corded nylon, while in the counterfeit item there are two straps, which are made of the same nylon

material as the pouch.

- c. In the lining in the interior of the counterfeit pouch, the letter "D" is shaped like an "O", unlike the genuine item. In the interior of the genuine item, there is a silver and black "PRADA Made in Italy tag," which the counterfeit item does not have.
- d. The direction of the patterned interior lining is incorrect; in the genuine item it usually points east-west (horizontal), while in the counterfeit item it is directed north to south (vertical). There are also certain shapes and designs in the interior lining which are not found in the lining of the genuine item. And unlike the counterfeit item, the material of the lining in the genuine item is made of the same material as the exterior.
- e. The genuine item is made of two separate pieces of material, bound on the bottom with stitched piping. The counterfeit item is made of only one entire piece of material, with no stitched piping.
- f. There is also no Certificato di autenticita (authenticity certificate card) in the pouch, which is always found in and sold with a genuine PRADA product. The authenticity card is contained in a blue envelope. A true and correct copy of an authenticity card is attached hereto as Exhibit 3.
- g. There is always a dark blue product description card in the genuine PRADA pouch, and there was not one found in the counterfeit item. A true and correct copy of the product description card is attached hereto as Exhibit 3.

10. On information and belief, all of above-mentioned merchandise were purchased from retail establishments located in Guam, identified as USA T-Shirts and Gift Store, an unmarked house located behind ABC Store in Tumon across from Guam Hyatt Regency Hotel, and an outdoor sidewalk vendor at the Plaza de Espana in Hagatna, all named defendants in the above-captioned case. These vendors are not authorized dealers of Prada products on Guam.

11. All of the items depicted in Exhibits 1-8 that were purchased at the two stores and outdoor vendor prominently display counterfeit copies of the Prada name, trademark and logo. The trademarks are identical or substantially similar to those used on genuine Prada products. However, the quality of these counterfeit products is inferior to the quality of genuine Prada goods.

12. Prada vigorously pursues counterfeit goods as soon as it discovers them and has instituted suit where necessary to bring a prompt end to these unlawful and deceptive practices. The unauthorized manufacture, distribution, exportation, importation, and sale of counterfeit Prada merchandise causes confusion and deceives the consuming public as to the true source of such merchandise. Because the counterfeit items bear copies of Prada's name, logo and trademark, I believe that customers would purchase the items in the belief that they are genuine products of Prada, which they are not.

13. Defendants' actions will cause substantial and irreparable damage and injury to Prada and, in particular, to the valuable goodwill and reputation symbolized by the Prada trademarks. Unless the court enjoins defendants, they will continue to cause Prada substantial and irreparable damage and injury. Further, defendants' manufacture, distribution, exportation, importation and sale of counterfeit or infringing Prada merchandise will cause substantial injury to Prada's reputation and cause substantial sales of Prada's authentic products to be lost or diverted to defendants, in an

amount impossible to calculate with any certainty at the present time.

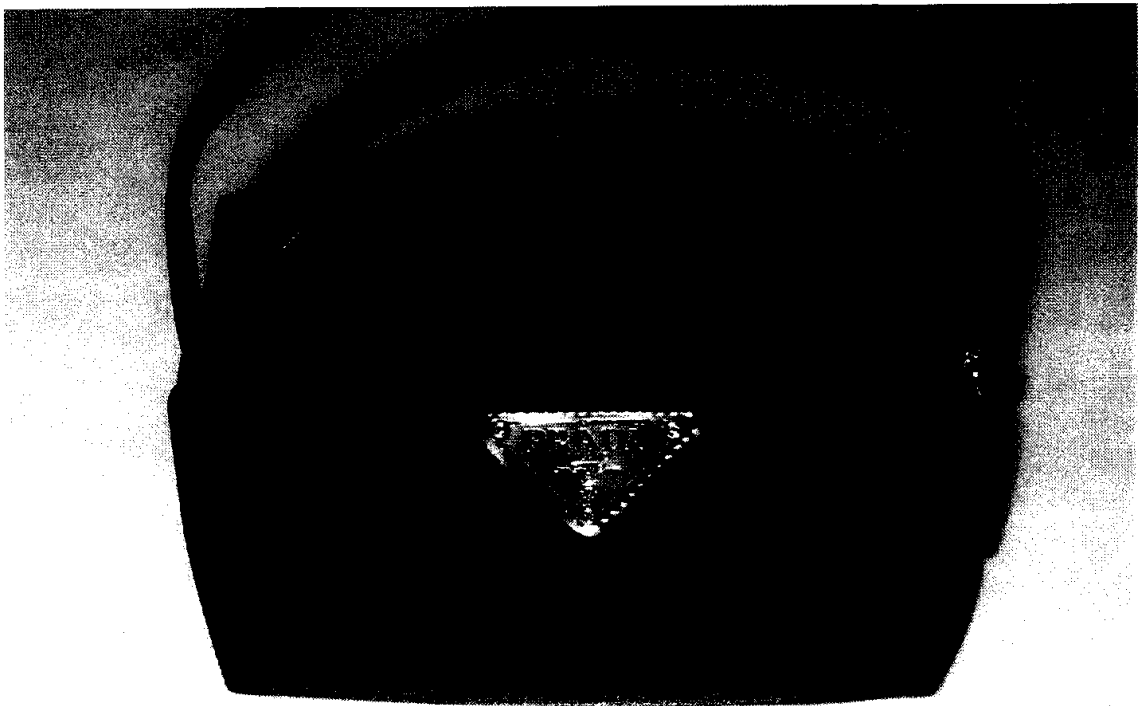
I declare under penalty of perjury under the laws of the United States and the laws of the territory of Guam that the foregoing is true and correct.

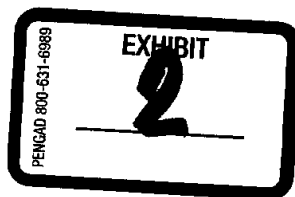
Dated: April 30th, 2003



REGINA TERLAJE

ARRIOLA, COWAN & ARRIOLA, HAGATNA, GUAM 96910







Certificato di autenticità • Authenticity certificate card





